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13 November 1951

MEMORANDUM FOR: Assistant Director, Special Operations
FROM: Assistant Director, Research and Reports
SUBJECT: Evaluation of Documentary Material Dealing with East-West Trade

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1. Reference is made to a request by OSO for an evaluation by this Office of the above material, and to a series of conversations between [REDACTED] D/A/RR concerning procedures by which material of this type may be more thoroughly exploited.

2. A careful review of this material suggests the following evaluation of its value, viz. (a) it contains detailed and specific information as to the circuitous techniques, mechanisms, and channels employed by the Soviets and their intermediaries to procure strategic commodities from the West; (b) it furnishes names of firms and individuals engaged in the business of selling, procuring, financing and transporting such commodities to the Soviet bloc; and, (c) it offers confirmation of "bits and pieces" of intelligence available to CIA, obtained from other sources.

3. At a meeting of representatives of OSO and ORR held on 26 September 1951, a set of general requirements indicating targets for OSO exploitation was discussed and transmitted to OSO. It has been indicated, however, that OSO could satisfy more advantageously a selected group of top priority requirements, which are listed below:

a. Information indicating successful completion of negotiations for the sale of strategic commodities to the Soviet bloc and actual shipment of such goods. Few reports received by this Agency furnish such confirmatory information, which is urgently needed for purposes of determining the success of Soviet procurement. Note: From a review of documentary material already received, there is no indication that any of the shipments proposed in the course of negotiations has actually taken place.

b. Information indicating assignment by the Soviets of special priorities to the procurement of specific raw materials and/or industrial equipment. Such information would especially facilitate the efforts of inter-agency export control committees, on which CIA is represented and to which intelligence support is furnished.

c. Information on the names, addresses, connections and activities of firms and individuals involved in supplying the Soviet bloc with strategic materials. Over one hundred names of such character were extracted from the material already reviewed; intensive exploitation would be of great value in view of current plans to establish within CIA a "watch list" of international traders.

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d. Information describing methods of shipment, practices by which export controls are being violated, and techniques of financing (including currency and gold balances and movements).

4. Attached is a list of "Commodities of Strategic Importance in East-West Trade", as requested. No attempt has been made to select from this list those items which are of highest importance to the Soviet economy; intelligence concerning any or all of them is solicited. There is also under preparation at the present time a list of industrial items considered to be of prime strategic importance to the Soviet war economy. A copy of this list will be transmitted to your office upon completion, possibly within two weeks.

MAX F. MILLIKAN

Encl:

COMMODITIES OF STRATEGIC IMPORTANCE
IN EAST-WEST TRADE

D/A/RR: [REDACTED]: pd 25X1A9a

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